DOCUMENT RESUME

ED 468 557 PS 030 663

TITLE	Low-Income Families Bear the Burden of State Child Care Cutbacks.
INSTITUTION	Children's Defense Fund, Washington, DC.
SPONS AGENCY	Annie E. Casey Foundation, Baltimore, MD.; Mott (C.S.) Foundation, Flint, MI.; Prudential Foundation, Newark, NJ.
PUB DATE	2002-09-05
NOTE	30p.
AVAILABLE FROM	CDF Publications, P.O. Box 90500, Washington, DC 20090-0500. Tel: 202-662-3652; Fax: 202-628-8333; e-mail: cdinfo@childrensdefense.org; Web site: http://www.childrensdefense.org.
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS
DESCRIPTORS	*Budgeting; *Child Care; *Early Childhood Education; Family Needs; *Low Income Groups; *Public Policy; Retrenchment; School Age Day Care; *State Programs
IDENTIFIERS	*Subsidized Child Care Services

ABSTRACT

States are currently struggling to deal with the rising demand for child care assistance as more parents go to work as a result of welfare reform and to respond to state budget crises limiting the availability of funds for child care. This report uses data collected in May 2002 from state early childhood experts and policymakers to illustrate the extent to which state budget cuts are limiting low-income families' access to child care assistance, are threatening child care improvements, and are affecting a wide range of programs serving children of all ages. The report begins by describing the context in which states struggle to meet a growing demand with diminishing resources. Survey findings are then presented in four areas, with examples from various states illustrating each finding. First, budget cuts threaten the availability of child care assistance for low-income working families through increased waiting lists, restricted eligibility, and reduced supports for families needing education/training. Second, families currently receiving child care assistance are experiencing reduced provider payments and increased parent fees. Third, budget cuts threaten child care quality in several ways, including reduced funding for child care resource and referral programs and reduced incentives for additional provider training. Fourth, budget cuts have affected programs for infants and toddlers, state prekindergarten programs, and school-age programs. The report concludes with a tabulated state-by-state analysis of specific enacted and proposed budget cuts or program changes related to subsidies for child care services. (Contains 20 endnotes.) (KB)

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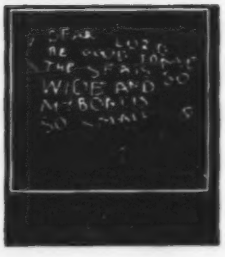
Low-Income Families Bear the Burden of State Child Care Cutbacks

September 5, 2002

PS 030663



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CDF provides a strong, effective voice for *all* the children of America who cannot vote, lobby, or speak for themselves. We pay particular attention to the needs of poor and minority children and those with disabilities. CDF educates the nation about the needs of children and encourages preventive investments before they get sick, into trouble, drop out of school, or suffer family breakdown.

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ACKNOWLEDGEMENTS

We are grateful to the many individuals and organizations who helped us with this report. As always, we are deeply grateful to those in each state who have provided us with information throughout the year. We are also grateful to the Center on Budget and Policy Priorities and the Center on Law and Social Policy, who helped us collect and verify additional information and provided insightful comments. Our thanks go especially to Zoë Neuberger, Sharon Parrot, Wendell Primus, and Eileen Sweeney at the Center on Budget and Policy Priorities, and to Mark Greenberg, Jennifer Mezey, and Rachel Schumacher at the Center on Law and Social Policy.

Many CDF staff and interns helped with this project as well. They include Helen Blank, Mary Bourdette, Danielle Ewen, Kyle Good, Katherine Hart, Jamie Powell, Karen Schulman, Jamie Stubbs, Patricia Williams, and Sandy Won.

We would also like to thank the Annie E. Casey Foundation, the Charles Stewart Mott Foundation, and the Prudential Foundation for their support of this project.

Introduction

Important investments in child care and early education are now threatened. Growing state budget gaps and a decline in available Temporary Assistance for Needy Families (TANF) resources have forced states to cut child care programs for low-income working families. As a result, thousands of working families do not have the child care help they need to stay employed. Cutbacks in child care also jeopardize efforts to protect the health and safety of children; investments to bolster the quality of care; and programs for infants, toddlers, prekindergarten children, and school-age children. Without additional federal child care funds, the outlook for children and their working parents is bleak.

Child care assistance is integral to any effort to move families from welfare to work and to help low-income parents stay employed.[1] Parents cannot go to work each day without safe, reliable care for their children. Studies have repeatedly shown that child care problems can cause parents to miss work or lose their jobs.

Due to current state budget crises and competing demands on Temporary Assistance to Needy Families (TANF, or welfare) resources, recent progress in child care investments is in danger of being reversed. Following the passage of welfare reform in 1996, which established new requirements for families to move to work and as a result increased the need for child care, states expanded funding for child care. States used new resources available through the Child Care and Development Block Grant (CCDBG), the major federal child care program, and TANF funds that were either transferred to CCDBG or used directly for child care.[2]

Data collected by the Children's Defense Fund from state early childhood experts and policymakers beginning in May 2002 illustrate the extent to which state budget cuts are limiting low-income families' access to child care assistance; threatening improvements in health, safety, and quality in child care; and affecting a wide range of programs serving children of all ages.[3] With many states still facing enormous budget cuts for the coming year, funding could be further reduced. Yet, at the federal level, the Bush administration proposals for the reauthorization of the child care and welfare programs, which provide no new funds for child care, exacerbate a growing child care crisis.

Congress has the opportunity ***NOW*** to help meet the child care needs of low-income working families. Congress must reauthorize the TANF block grant and the Child Care and Development Block Grant by the end of September 2002. It is imperative that Congress completes legislation to renew the programs and add $11.25 billion in new funding for child care for the next five years. These additional resources could help states offset child care cuts and meet the increasing need for assistance. Without federal action this year, states will be forced to make further cuts in child care assistance programs.

The Context: States Struggle to Meet a Growing Demand with Diminishing Resources

States are currently straining to address two realities. First, there has been a rising demand for child care assistance as more families go to work. At the same time, state budget crises are limiting the availability of funds for child care. As a result, states alone cannot provide the child care help that low-income families need.

A Growing Need for Child Care Assistance to Help Families Work

Since the passage of the 1996 welfare law, employment among low-income single mothers with young children grew from 44 percent in 1996 to 59 percent in 2000.[4] This increase was fueled by a strong economy, welfare reform efforts, and the availability of increased work supports such as child care. Single parents and families in which both parents' incomes are necessary to make ends meet have no choice but to work so they can support themselves and their children. Each of these families depends on quality child care in order to go to work and to help their children enter school ready to succeed.

Nearly 16 million children under 13 living in low-income working families may need child care,[5] yet recent data show that the families of only 2.2 million children currently receive help paying for child care through the Child Care and Development Block Grant. This represents only one out of seven children eligible for child care assistance under federal law.[6] In many states, limited funding means that access to help continues to be extremely restricted. More than one-third of the states place eligible families on waiting lists for help. In two-fifths of the states, a family of three earning just $25,000 a year does not qualify for *any* assistance. In three of these states (Alabama, Iowa, and Missouri), a family of three earning $20,000 a year would not be eligible for assistance.[7] Low-income families cannot afford the high cost of care on their own. Full-day care in a center can easily cost $4,000 to $10,000 per year—at least as much as college tuition at a public university.[8]

Cuts in Child Care Funding as States Face Economic Downturn and Budget Crises

Many states have already cut spending and raised taxes to close deficits of approximately $44 billion for fiscal year 2002 and at least some of the $46 billion in deficits projected for fiscal year 2003. By June 30, 43 states reported budget gaps, with 12 states reporting gaps in excess of 10 percent of their general fund.[9]

Shrinking budgets threaten the states' ability to access federal child care funds, which are only available if states provide their own matching funds.[10] In 2001, Alabama, Louisiana,

Mississippi, Oklahoma, Texas, Utah, and Wyoming were not able to fulfill their state match requirements for the CCDBG and, as a result, lost millions of dollars in federal funds available for child care.[11] This year, Montana will lose more than $800,000 in federal funds because state dollars are not available to meet the match requirements.

Some states are also reducing the amount of TANF funds used for child care. TANF funds had enabled states to significantly increase their investments in child care, early education, and school-age care over the last five years. However, for several reasons the availability of these funds is now limited. First, some states have been using unspent TANF funds from prior years to support child care programs. These "reserves" have been exhausted or nearly exhausted in most states and, thus, are no longer available to augment child care funding. In fiscal year 2001, states collectively spent nearly $2 billion more in federal TANF funds than they received. Twenty-three states have insufficient reserves to maintain the fiscal year 2001 program level through fiscal year 2003. This means that without additional funds, by fiscal year 2003 nearly half the states would need to scale back TANF-funded child care programs.[12] Some states have already begun to take action.

Some states are also facing increasing demands for TANF block grant funds because their cash assistance caseloads have increased as the economy has stalled and more families have had to turn to welfare. Also, the block grant is funded at a constant level, so states do not receive inflationary increases to keep pace with rising costs and increasing need.

In addition to moving TANF funds out of child care to make up for budget shortfalls, states are also reducing the use of other revenue sources, such as general revenue funds and tobacco funds, for child care programs. Twelve states used tobacco settlement monies to make up for gaps in their budgets. Missouri, for example, had targeted $6 million in tobacco money for early childhood education, but has now moved these funds to other areas to cover budget shortfalls.

Low-income working families often bear the brunt of these cuts. In Massachusetts, which has 21,000 children on its waiting list for child care help, the state budget crisis forced a cut of $10.6 million in child care. As many as 1,500 children could lose their child care assistance.

The situation is unlikely to improve in the near future. While Administration officials contend that states have plenty of money to spend on child care, state fiscal data directly contradict this. Aggregate rainy day fund balances have fallen from $16.5 billion in fiscal year 2001 to $10.8 billion at the end of fiscal year 2002, and 19 states have had to tap into their rainy day funds.

State Budget Crises Force Cuts in Child Care Programs

A survey of state early childhood experts and state child care administrators conducted by the Children's Defense Fund clearly shows that state funding gaps have hit child care assistance programs—and the low-income working families they are designed to help—very hard. Budget shortfalls have caused significant cutbacks in child care assistance programs, shutting out thousands of families and making it more difficult for eligible families to either participate in these programs or find and afford the quality care they need for their children. States have also reduced investments in health, safety, and quality, and states have cut programs for infants, toddlers, children in prekindergarten, and school-age children.

Cuts Threaten the Availability of Child Care Help for Low-Income Working Families

Low-income working families—those families working hard to stay off of welfare—have suffered the most from cuts in state child care programs. In state after state, an increasing number of these families are denied access to child care help as states establish or expand waiting lists, restrict eligibility, reduce supports for families who need education or training, lower payments to child care providers, and raise parent fees. Without child care help, low-income parents are forced to make unacceptable choices between paying for child care, housing, food, and other necessities. These are the families who play by the rules: they want to work to support themselves and avoid dependence on welfare. And yet these low-income working families—who may be only one unstable child care arrangement away from leaving the workforce and turning to welfare—are denied child care help because of cuts to make up for the gaps in state budgets.

Waiting Lists Grow Longer. Most state child care programs could not serve all the families who needed help even before the current budget crises. In 2000, 17 states either had waiting lists or did not accept applications from some eligible families. In many states, these waiting lists have grown significantly in the last two years. Nineteen states now have waiting lists—many with tens of thousands of children. There are over 200,000 families on the waiting list in California, 47,000 children in Florida, nearly 37,000 children in Texas, and more than 16,000 children waiting for help in Georgia. Since 2000[13]:

- Florida added more than 12,000 children to its waiting list, while Indiana added more than 11,000 children.
- Texas increased its waiting list by more than 5,000 children.
- Tennessee doubled its list, and Minnesota nearly reached that mark.

Responding to recent funding gaps, the District of Columbia and Tennessee have stopped accepting applications for assistance from low-income working families, even though these families remain eligible for help.

Texas provides a clear illustration of the impact of the budget crises on low-income working families. The two-year state budget passed in 2001 failed to provide a sufficient funding increase to maintain even the current level of child care support for low-income working families—there are already nearly 37,000 children waiting for help. In fiscal year 2003, in order to meet its strict welfare work requirements, Texas will devote a larger proportion of its funds to serving families trying to move from welfare to work, which will cut back help for low-income families working to stay off welfare. At least 6,000 *fewer* children in low-income, non-welfare families are expected to receive child care assistance in fiscal year 2003, as compared to fiscal year 2001.

Eligibility Restricted. A number of states have reduced their child care income cutoffs, so fewer families are eligible for child care help. Although this may save money in the short run, it also means that families earning relatively low incomes are hit with the full costs of child care before they have become securely established in the workforce. Families who are unable to get help end up making enormous financial sacrifices, choosing between paying the rent and paying for child care, worrying all day at work about their children's care, and sometimes having no choice but to turn to welfare.[14]

- Indiana, which is facing a $60 million shortfall in its TANF budget, has proposed lowering eligibility for child care assistance for low-income families that have not received cash assistance in the past 24 months to 127 percent of the federal poverty level ($19,075 for a family of three[15]) from the current eligibility limit of 141 percent of poverty ($21,178). This would make nearly 7,000 children *currently receiving help* ineligible for child care assistance.

- Effective July 1, 2002, Nebraska reduced its income cutoff for child care help to low-income working families from 185 percent ($27,787) to 120 percent ($18,024) of the federal poverty level, unless they have received cash welfare assistance in the past 24 months. While families transitioning from welfare will continue to be eligible until they earn up to 185 percent of poverty, those low-income working families currently receiving help with incomes above 120 percent of poverty who are not transitioning off of welfare will lose their subsidies.

- New Mexico reduced eligibility for child care assistance from 200 percent of poverty ($30,040) to 100 percent of poverty ($15,020) as of August 1, 2001.

- In New York's Monroe County (which includes Rochester), a budget gap forced the county to cut eligibility for the child care assistance program from 200 percent of poverty ($30,040) to 140 percent of poverty ($21,028). Families currently receiving help that are above the new cutoff can continue to receive help—but only until their next scheduled eligibility recertification.[16]

- West Virginia implemented child care policy changes estimated to reduce spending by over $7 million annually. As part of these changes, the income eligibility threshold for new applicants for child care help was reduced from 200 percent of poverty ($30,040) to 150 percent of poverty ($22,530) for new families. Over 500 families with 700 children have lost their child care assistance.

Supports Reduced for Families Who Need Education and Training. As families struggle to get and keep jobs that will permanently keep them off of welfare, they face many obstacles. Access to long-term education and training can mean the difference between a dead-end, low-paying job and a career with potential for advancement. Yet in order to address shortfalls in their budgets, several states have restricted access to child care help for parents not on welfare who are pursuing education and training.

- Illinois will cut child care funding available to help families receiving education and training in half—from $15 million to $7.5 million.

- In Colorado, which has a county-run system of child care assistance, Denver County recently eliminated a program that provided child care subsidies to parents who were in school.

- In Alabama, a plan to extend child care assistance to families in their first or second year of college has been postponed.

Cuts Reduce the Extent of Child Care Help for Low-Income Working Families

Even families receiving child care assistance feel the impact of state cuts. These cuts have affected reimbursement rates for providers, limiting low-income families' access to quality care, and parent fees, placing increased financial burdens on the poorest families.

Provider Payments Reduced. Budget crises have prompted states to lower rates or to postpone planned rate increases for child care providers. This is particularly troubling as nearly half of the states already fail to set rates that reflect the current costs of child care in communities. The amount a state pays providers has an enormous impact both on parental choice and on the quality

of care that families can access. Rates based on what child care cost four or five years ago make it all but impossible for providers to keep their doors open. Many providers simply cannot afford to serve children receiving child care help. When providers do accept the low rates, they may ask parents to make up the difference between what the state pays and what the provider charges for care, placing an additional financial burden on already stressed family budgets. Providers may also be forced to put off needed improvements to facilities and equipment or keep staff salaries unacceptably low.

- Arizona had allocated resources in its most recent biennium budget to raise rates to the 75th percentile (the rate that allows families access to 75 percent of the providers in their community) of 2000 market rates effective October 1, 2002. However, in a subsequent special session of the legislature, this rate increase was eliminated, leaving in effect rates that are four years out of date.

- Denver, Colorado may cut reimbursement rates to as low as the 50th percentile of the market rate, which would represent a significant pay cut for providers.

Parent Fees Increased. In every state, many parents receiving assistance pay something toward the cost of child care. High parent fees, or copayments, can make it difficult or impossible for families to use child care assistance, or put families under extreme financial hardship even if they are receiving help. Although many states already require burdensome parent fees, a number of states are making cuts to their child care programs by increasing these fees.

- Indiana is proposing an increase in parent fees for all families above 100 percent of poverty ($15,020).

- In North Carolina, the legislature has proposed an increase in family copayments in order to raise $3.5 million. This will place copayments for some families at 10.5 percent of family income, well above what a family should reasonably be expected to pay on a very limited budget.

- In West Virginia, all copayments were increased by 50 percent.

Cuts Threaten the Quality of Child Care for Low-Income Working Families

State budget cuts are not only affecting the availability of assistance to help families pay for care but also efforts to improve the quality of care. These spending cuts fly in the face of the growing body of research that demonstrates the benefits of quality early care and education and school-age programs, particularly for low-income children.[17] Investments in training, education, and

compensation for caregivers; resource and referral programs, which help families find child care and provide supports to their communities' child care providers; and safe facilities can make a real difference in the availability of quality care.

- In Michigan, the Department of Consumer and Industry Services expects to lose about 41 percent of its licensing consultants who monitor the health and safety of child care settings. These consultants are leaving as part of the Governor's early retirement program, which was designed to help balance the state budget. The number of centers a licensing consultant must monitor will rise from an estimated 239 to 327, although the National Association for the Education of Young Children (NAEYC), a national child care accrediting body, recommends that inspectors oversee no more than 75 facilities each. While the agency will try to replace these inspectors, it is not clear that they will be able to hire enough qualified new inspectors to make up for the loss.

- Both Iowa and North Dakota cut funding for child care resource and referral programs. Iowa made a 17 percent cut in these programs. In North Dakota, two resource and referral offices that were not able to make up for the loss in funds were forced to close.

- Texas withdrew a state mandate that required each of the 28 local workforce development boards to devote at least 4 percent of their CCDBG expenditures on quality activities. All of these funds are now spent on licensing and regulatory functions at the state level. Local boards that want to continue funding quality activities in their own communities must now use funds that were previously used for child care assistance and risk facing state penalties for serving fewer families.

- West Virginia deferred a planned $2.00 per day per child increase in the payments made to providers who complete a training program on providing quality care to infants and toddlers. This increase was designed to encourage providers serving the youngest children to participate in specialized training.

- Wisconsin has made several cuts that will limit the availability of quality care. Funding for the Early Childhood Excellence Centers, a special initiative to create child care centers that provide the highest quality of care, is being cut from $7.5 million in fiscal year 2001 to $2.75 million in fiscal year 2003 (a cut of more than 63 percent). In addition, the budget reduces the funds available for child care resource and referral agencies by about $400,000. The Legislature also eliminated the $1 million per year appropriation for child care quality improvement grants, which were used to help providers become accredited.

Cuts Affect a Wide Range of Initiatives

State budget cuts are affecting programs serving every age range, including infants and toddlers, children in prekindergarten, and school-age children.

Programs for Infants and Toddlers. Research has shown that the earliest years of a child's development lay the groundwork for later learning and school success.[18] Yet several states have made cuts in initiatives designed to improve the quality and availability of care for infants and toddlers, putting our most vulnerable children at risk.

- In North Carolina, all state funding for Early Head Start, which provides high quality care for infants and toddlers living in poor families, was eliminated—a cut of approximately $605,000.

Prekindergarten Programs. Children who participate in quality prekindergarten programs develop better language skills and have a higher likelihood of school success, according to numerous studies.[19] Yet low-income families have less access to prekindergarten programs. Only 44 percent of children ages three to five and not yet in kindergarten who are in families with incomes below $15,000 a year are participating in prekindergarten programs, compared with 71 percent of children in families with incomes of $75,000 or more.[20] Even states that had been leaders in offering prekindergarten to low-income children are making cuts in these programs.

- The Massachusetts Community Partnerships prekindergarten program was cut by 7.5 percent in the fiscal year 2002 budget, and the budget for fiscal year 2003 imposes an additional cut of 9 percent. State funding for Head Start was also reduced by 10 percent.

- Michigan has canceled $1.358 million in quality funds that had been provided to the state's Department of Education for several purposes, including a preschool program for three-year-olds.

- In North Carolina, Smart Start, a well-established initiative that provides resources to help local communities expand, coordinate, and strengthen their early childhood supports, has already suffered significant cutbacks with more expected. Last year, Smart Start funding was decreased by $59 million. The legislature is currently debating the budget for the next fiscal year. The Senate's budget includes a 13 percent or $26.1 million reduction to local partnerships, which design and implement the program in their communities.

- Ohio, which had allocated enough state funds to provide nearly universal access to Head Start programs for all eligible three- and four-year-olds, is in the process of replacing all state dollars with TANF funds, as well as decreasing the overall budget for Head Start. These choices could place children needing Head Start in an extremely precarious situation if more TANF funds are necessary for basic cash assistance, and fewer surplus TANF funds are available for other supports for families. If Ohio cannot find new state funds for Head Start, it will have to reduce the number of children served, or decrease spending in other areas supported by TANF funds including child care. An expected $50 million shortfall in the child care budget in fiscal year 2003 could further affect the Head Start program, as the state examines different ways to fill the budget gap.

Programs for School-age Children. After-school programs can help keep children safe while offering them extra support to help them succeed in school, yet the opportunities to participate in these programs are especially limited for low-income children. School-age options are in danger of becoming even scarcer as several states have made or will likely make cuts in funding for these programs.

- In its most recent biennium budget, Arizona had allocated TANF funds for pilot out-of-school programs for youth ages 11 to 16. A subsequent special session of the legislature eliminated these programs in order to use the funds elsewhere.

- In Florida, which has given local communities increasing decision-making authority for child care and other early childhood programs, limited resources may force these communities to cut funding for school-age care in order to continue support for child care for children birth to five. While families with older children who are receiving TANF must continue to be served, low-income working families may no longer be able to get help with child care for their school-age children.

- In 2002, Massachusetts eliminated the $5 million After-School and Out-of-School Time (ASOST) grants to communities. These grants supported 28,468 children and youths who now may be left without safe, supportive after-school experiences. In addition, $4 million in funding for after-school youth development matching grants to municipalities and community-based organizations was cut. This initiative was primarily funded with federal TANF dollars that were used to establish partnerships with local communities to provide programs for at-risk youth. The combined federal, municipal, and private funding resulted in a seven-to-one match for every state dollar spent and helped the program reach over 10,000 youths and their families. The budget for 2003 includes a 67 percent cut in the only remaining school-age program.

- Michigan eliminated quality funds for the Department of Education that were used to start or expand before- and after-school care programs operated by schools.

- West Virginia eliminated School Day Plus grants, which were given to child care providers operating before- and after- school programs.

Action is Needed Now

The evidence is clear: failing to invest in quality child care, early education, and school-age care is a missed opportunity to help families work and children learn. Yet, in an environment of state budget cuts, recession, increasing TANF fiscal pressures, and competing priorities, investments in child care are threatened.

At the federal level, the Administration has turned a blind eye to the importance of these programs and the gaps faced by states. They have proposed significant new work requirements for families receiving TANF, yet included no new funds—not even an increase in the cost of living—for child care to help those families go to work. They have also ignored the millions of low-income families who are already working and need help paying for child care. These families deserve better for their efforts. Congress and the Administration must work together this fall to enact legislation that reauthorizes the CCDBG and TANF, with an $11.25 billion increase in child care funds in order to help more families afford the quality child care they need to work and help their children succeed. Given the continuing gaps in early childhood programs, the nation's children and families cannot afford to wait another year for help.

[1] See, for example, Marcia K. Meyers, Theresa Heintze, and Douglas A. Wolf, *Child Care Subsidies and the Employment of Welfare Recipients, Working Paper #15* (Berkeley, CA: University of California, August 1999); Lisa Renee Baker, *Child Care and Subsidy Use in Illinois* (Illinois Department of Human Services, June 2000); and Joan Acker, Sandrea Morgen, Terri Heath, Kate Barry, Lisa Gonzales, and Jill Weight, *Oregon Families Who Left Temporary Assistance to Needy Families (TANF) or Food Stamps: A Study of Economic and Family Well-Being From 1998 to 2000, Volume 1* (Oregon: Center for the Study of Women in Society, Welfare Research Team, University of Oregon, January 2001).

[2] States have the authority to transfer a portion of their current-year federal TANF funds to the Child Care and Development Fund and the Social Services Block Grant. The amount that may be transferred to SSBG has been limited to 10 percent of the federal funds the state received, and the combined CCDBG/SSBG transfer limit is 30 percent of the federal funds. They can also spend TANF funds directly on child care without transferring the funds. "In fiscal year 2001 states devoted 18 percent of total TANF funds (including maintenance of effort funds) used to child care—including both direct spending in the state's TANF program and transfers to the state's child care assistance program. In fiscal year 2000 states devoted 20 percent of total TANF and MOE funds used to child care and 17 percent the year before. The states devoted a total of $5.1 billion in federal TANF and state MOE funds to child care." In Zoë Neuberger, *TANF Spending in Federal Fiscal Year 2001* (Washington, DC: Center on Budget and Policy Priorities, March 2002).

[3] Data were collected through emails and phone interviews with state advocates and verified to the extent possible with administrators of state child care subsidy programs by the Children's Defense Fund and the Center on Budget and Policy Priorities. This report also includes information from Danielle Ewen, Helen Blank, Katherine Hart and Karen Schulman, *State Developments in Child Care, Early Education, and School-Age Care 2001* (Washington, DC: Children's Defense Fund, April 2002).

[4] Data from 1996 from the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress* (Washington, DC: U.S. Department of Health and Human Services, August 2000); data from 2000 from U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Fourth Annual Report to Congress* (Washington, DC: U.S. Department of Health and Human Services, May 2002). These figures, based on the Current Population Survey, reflect the proportion of single mothers with incomes below 200 percent of the federal poverty line and children under the age of six.

[5] There are 16 million children under 13 in families below 200 percent of poverty with a working family member and no TANF income in 2000. Unpublished Children's Defense Fund tabulations of U.S. Census Bureau data from the March 2001 Current Population Survey.

[6] Calculations by the Children's Defense Fund, using data on the number of children served from the U.S. Department of Health and Human Services, *FY 2003 Budget in Brief*, February 2002, and data on the number of children eligible from the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, as presented by Julie B. Isaacs at the State Administrators Meeting in Washington, DC, August 13, 2001.

[7] Danielle Ewen, Helen Blank, Katherine Hart and Karen Schulman, *State Developments in Child Care, Early Education, and School-Age Care 2001* (Washington, DC: Children's Defense Fund, April 2002).

[8] Karen Schulman, *The High Cost of Child Care Puts Quality Care Out of Reach for Many Families* (Washington, DC: Children's Defense Fund, 2000).

[9] Iris J. Lax, "A New Stimulus Package? States Stand to Lose Substantial Additional Revenue" (Washington, DC: Center on Budget and Policy Priorities, August 22, 2002); and National Conference of State Legislatures, "State Budget and Tax Actions Report 2002" (Revised August 28, 2002), retrieved from the Internet at http://www.ncsl.org/programs/fiscal/presbta02.htm.

[10] Through the Child Care and Development Block Grant, each state receives both "mandatory" funds, which are automatically available each year (although states must contribute a match to receive these funds) and "discretionary" funds (which are available without a match but must be appropriated by Congress each year). In order to receive all federal funding available to it, a state must a) continue to spend as much in state funds as it did in 1994 or 1995 or the average of FY 1992-1994, whichever is higher (known as the maintenance of effort requirement), and b) put up new state matching funds to draw down federal matching funds.

[11] Danielle Ewen, Helen Blank, Katherine Hart and Karen Schulman, *State Developments in Child Care, Early Education, and School-Age Care 2001* (Washington, DC: Children's Defense Fund, April 2002).

[12] In 17 of the states now spending above their annual funding level, unobligated TANF funds from prior years are insufficient to allow them to maintain their fiscal year 2001 spending level in the current fiscal year. Six additional states have insufficient reserves to maintain the fiscal year 2001 program level through fiscal year 2003. In Zoë Neuberger, *States Are Already Cutting Child Care And TANF-Funded Programs* (Washington, DC: Center on Budget and Policy Priorities, 2002).

[13] Calculations by the Children's Defense Fund based on data in Karen Schulman, Helen Blank, and Danielle Ewen, *A Fragile Foundation: State Child Care Assistance Policies* (Washington, DC: Children's Defense Fund, 2001) and Danielle Ewen, Helen Blank, Katherine Hart, and Karen Schulman, *State Developments in Child Care, Early Education, and School-Age Care 2001* (Washington, DC: Children's Defense Fund, April 2002).

[14] See, for example: Deborah Shlick, Mary Daly, and Lee Bradford, *Faces on the Waiting List: Waiting for Child Care Assistance in Ramsey County* (Ramsey County, MN: Ramsey County Human Services, 1999). Survey conducted by the Minnesota Center for Survey Research at the University of Minnesota; Philip Coltoff, Myrna Torres, and Natasha Lifton, *The Human Cost of Waiting for Child Care: A Study* (New York, NY: The Children's Aid Society, December 1999); and Casey Coonerty and Tamsin Levy, *Waiting for Child Care: How Do Parents Adjust to Scarce Options in Santa Clara County?* (Berkeley, CA: Policy Analysis for California Education, 1998).

[15] The federal poverty level shown throughout this paper is derived from the 2002 HHS Poverty Guidelines. All dollar figures are for a family of three. Information retrieved from the Internet at http://aspe.hhs.gov/poverty/02poverty.htm.

[16] The next required recertification could be as soon as the next month. States generally require families to recertify their eligibility for child care assistance on a regular basis. In most states, families are also required to notify the child care agency of any interim changes, such as a change in income, a different work schedule, or a new job. In New York, low-income families not receiving TANF must recertify once every 12 months. For additional information, see Karen Schulman, Helen Blank, and Danielle Ewen, *A Fragile Foundation: State Child Care Assistance Policies* (Washington, DC: Children's Defense Fund, 2001)

[17] See, for example: Lynn A. Karoly, Peter W. Greenwood, Susan S. Everingham, Jill Houbé, M. Rebecca Kilburn, C. Peter Rydell, Matthew Sanders, and James Chiesa, *Investing in Our Children: What We Know and Don't Know about the Costs and Benefits of Early Childhood Interventions* (Santa Monica, CA: RAND, 1998); Ellen S. Peisner-Feinberg, Margaret R. Burchinal, Richard M. Clifford, Mary L. Culkin, Carollee Howes, Sharon Lynn Kagan, Noreen Yazejian, Patricia Byler, Jean Rustici, and Janice Zelazo, *The Children of the Cost, Quality, and Outcomes Study Go To School: Executive Summary* (Chapel Hill, NC: University of North Carolina, 1999); Frances Campbell, Craig Ramey, et al., *Early Learning, Later Success: The Abecedarian Study* (Chapel Hill, NC: Frank Porter Graham Child Development Center, University of North Carolina at Chapel Hill, October 1999); and Arthur J. Reynolds, Judy A. Temple, Dylan L. Robertson, and Emily A. Mann, *A 15-Year Follow-up of Low-income Children in Public Schools* (Madison, WI: Chicago Longitudinal Study, University of Wisconsin, 2000).

[18] See, for example: Rima Shore, *Rethinking the Brain: New Insights into Early Development* (New York, NY: Families and Work Institute, 1997); and Carnegie Corporation of New York, *Starting Points: Meeting the Needs of Our Youngest Children* (New York, NY: Carnegie Corporation, August 1994).

[19] See, for example: Michigan Department of Education, "State Funded Preschool Program Works for Children At-Risk" (Press Release), January 23, 2002. Retrieved from the Internet at http://www.state.mi.us/mde/off/board/news/news012302.pdf; Colorado Department of Education, *Colorado Preschool Program Child Progress in Years 1-3: Summer 1989 through Summer 1992* (Denver, CO: 1993); and Lawrence Schweinhart and David Weikart, *Significant Benefits: The High/Scope Perry Preschool Study Through Age 27* (Ypsilanti, MI: High/Scope Educational Research Foundation, 1992).

[20] U.S. Census Bureau, *School Enrollment—Social and Economic Characteristics of Students, October 2000* (Current Population Reports P20-533), Released June 2001. Retrieved from the Internet at http://www.census.gov/population/www/socdemo/school.html.

State-by-State Survey Analysis

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
Alabama	Alabama has reduced parent fees (copayments) for families with more than one child this year. However, the state is not implementing several planned eligibility changes that would have helped more poor families needing child care assistance. (For example, Alabama currently allows child care payments for students in four-year higher education institutions who are in their junior or senior year of school. The state had planned to broaden eligibility to first- and second-year college students as well. Also, teen parents' eligibility (for teens that live with their parents) is currently based on the entire family's income. A proposed change to determine eligibility based solely on the teen parent's income will not be implemented.)	The Alabama Department of Human Resources has indicated that the state may cut state match dollars for CCDBG[1] by $3.2 million for the 2002-2003 budget year to use that money for other social service programs. The Department of Human Resources indicated that they plan to replace the $3.2 million with TANF funds, but they have not indicated if they also plan to replace the approximately $10 million in federal funds that the $3.2 million would bring into the state under federal matching rules. The state does not currently allocate enough state money to bring down all the federal match money that it could. There is an additional $10 million in matching federal funds that Alabama could access if the state match was available.
Alaska	Information not available.	
Arizona	In the two-year budget approved last year, funding was appropriated to adjust the maximum reimbursement rates for child care to the 75th percentile of the 2000 market rate, effective October 1, 2002. TANF funds were also appropriated to fund pilot out-of-school programs for youth ages 11 to 16. Both of these appropriations were eliminated during a subsequent special session of the legislature. As a result, the maximum reimbursement rates for child care are remaining at the 75th percentile of the 1998 market rate and the after-school program was not started.	The state is closely watching caseload growth and related per child expenditure levels in order to determine if a waiting list is necessary. In the near future, the state may have to start a waiting list.
Arkansas		In 2001, Arkansas passed a dedicated 3 percent excise tax on beer that will generate funds for assistance for low-income working families and for prekindergarten programs. However, the tax has a sunset provision that abolishes it in 2003.
California		Provider reimbursement rates would be frozen at the 2001 level for next year.
Colorado	Five counties, including a large Denver suburban area, have closed enrollment for the child care assistance program and are developing waiting lists. In one county that closed intake, 700 families immediately lost their child care assistance. Many more counties have modified the number of months of job training that families qualify for or	Denver is looking at cutting the reimbursement rate for child care providers, possibly as low as the 50th percentile of the market rate.

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
	eliminated training as an eligible activity. Denver recently eliminated a program that provided child care assistance to parents who were in school.	
Connecticut	As of July 1, the state initiated a waiting list for new applicants to the child care subsidy program. Low-income working families who apply to the program will be placed on a waiting list for assistance. Low-income working families who currently receive assistance will continue to do so, and new applicants who are welfare recipients, teens completing high school, or families that have left welfare in the last six months will be able to receive assistance without waiting. In August, the state allocated one-time-only TANF bonus monies to support low-income working families affected by the waiting list. These limited funds will only serve approximately 300 families. Other eligible families may continue to apply but will not receive assistance until new funds are appropriated. In addition, the state cut quality enhancement funds by about $1 million. These funds support licensing personnel, resource and referral agencies, mental health and professional development services for providers, and accreditation activities, as well as other quality activities.	
Delaware	There are no current plans to cut state funds for child care.	
District of Columbia	The District of Columbia has a child care freeze effective June 1 for non-welfare families. Only children from TANF, foster care, child protective services, and disabled and teen parent families will be enrolled. All other families will be placed on waiting lists. In addition, parent fees for after-school care have been increased. The District is already serving almost 5,000 fewer children in FY 2002 (19,000 versus 23,801in fiscal 2001) as a result of redirecting TANF funds spent on child care to cash aid and other non-child care needs related to the increased TANF caseload. The Office of Early Child Development (OECD) has been told to cut professional development activities by more than $3 million (from $5.7 million to $2.3 million).	

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
	CCDBG quality funds for expansion grants and grants for playground and educational materials have been suspended.	
Florida	The child care budget is funded at the levels in last year's original budget although more than 47,000 children are on the waiting list for child care assistance. Florida has given local communities increased decision-making authority for child care and other early childhood programs. Limited resources may force these communities to cut funding for school-age care in order to continue support for child care for children birth to five. While families with older children who are receiving TANF must continue to be served, low-income working families may no longer be able to get help with child care for their school-age children.	
Georgia	Information not available.	
Hawaii	The state cut approximately $300,000 in general funds for child care training programs, although these funds have been replaced with federal child care funds	
Idaho	Information not available.	
Illinois		The fiscal year 2003 budget for child care will be $612 million, $44 million less than was available in FY 2002. Much of this cut will be offset by other resources within the Department of Human Services and by forward funding some expenses. At least $5 million will not be replaced. Child care funding for families receiving education and training was cut in half, from $15 million to $7.5 million. This may result in some families losing their child care help. While no changes to copayments or eligibility are currently planned, any significant change in the TANF caseload will most likely cause the state to reevaluate its subsidy policies.
Indiana		Due to a $60 million gap in the TANF budget, the state is proposing a number of changes in how TANF funds are used. Currently, Indiana is planning to remove all TANF funds currently used for child care. This could generate a cut of $21 million. The state is also proposing lowering eligibility within the child care assistance program to 127 percent of the federal poverty level (eligibility is currently set at 141 percent of poverty, or $21,178 for a family of three, although families remain eligible until they reach 181 percent, or $27,186 for a family of three).[2] This

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
		would mean that nearly 7,000 children currently receiving help would no longer receive child care assistance. The state's waiting list as of June 1, 2001 was 11,958 children. The proposal also includes an increase in parent fees for families above 100 percent of poverty ($15,020 for a family of three).
Iowa	All programs will receive a 2.2 percent across-the-board cut. For child care assistance, this equals $111,117 that will either be unavailable for child care assistance or will need to be taken from the funding allocated to the child care resource and referral agencies.[3] The legislature reduced the state appropriation for child care resource and referral agencies in 2003 by 17 percent. The Department of Human Services will receive significant cuts in field staff, Central Office, institutions/facilities, support, general maintenance of facilities, and technology.	The state has proposed that staff take 12 half-day furloughs through the year.
Kansas	There has been a $500,000 reduction in activities to build quality, including funding for Early Head Start, professional development, support for licensing activities, the infant/toddler project, and grants to providers. This cut was spread across programs so no one program was seriously impacted. If revenue continues to decline, there is a chance that there will be additional cuts.	
Kentucky	Kentucky has put some timelines for completion of educational activities in place and has eliminated eligibility for post-graduate (Masters and Doctorate) degrees. These rules will be phased in with new applicants and upon redetermination for current recipients. As a result of budget cuts in education and a subsequent policy revision, state payments of health benefits for Head Start staff were stopped. Local Head Start programs must now pay these costs out of their budgets, which will cause approximately 700 Head Start preschool children and 35 Early Head Start children not to be served next year.	
Louisiana	There are no current plans to cut state funds for child care.	
Maine	The state moved $1.8 million of state funds out of the child care budget, replacing these	

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
	dollars with an increase in TANF transfer funds.	
Maryland	The state Child Care Administration, which administers the subsidy program, had its proposed FY 2003 budget cut by $3.5 million and lost five staff positions that had been vacant for a year.	
Massachusetts	The state's main child care programs were cut by $10.6 million, which will translate into a loss of 1,500 slots. There are already more than 21,000 children on waiting lists for child care subsidies. In the 2003 budget, the last remaining school-age program (other than the standard subsidy program that can serve children this age) was cut by 67 percent. The Community Partnerships Program, the state prekindergarten program, was cut by $9.07 million or 9 percent on top of a cut in 2002, and state funding for Head Start (which had supported improved teacher salaries) was cut by 10 percent. The Department of Education staff used some education reform money to keep the after-school programs going (despite the intent of the Legislature to eliminate the programs), but there was no "real funding" provided in the budget. There is no promise that they would do the same this year if the line item is not restored. The state also reduced funding for Court Based Child Care (a program that provides daily child care for families appearing in court) by $1.63 million, a 90 percent decrease. All funding for the special program will run out in August 2002. Protective Services child care was cut by $900,000, a 2 percent cut.	
Michigan	The Michigan Department of Consumer and Industry Services expects to lose about 41 percent of its 82 licensing consultants because of the Governor's early retirement program to help balance the state budget. The number of child care centers a licensing consultant must monitor will rise from an estimated 239 to 327, although the National Association for the Education of Young Children recommends that inspectors oversee no more than 75 facilities each to ensure the health and safety of children in child care settings.	

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
	Michigan has also canceled $1.358 million in child care quality funds that had been provided to the Department of Education for a preschool program for three-year-olds and to start or expand before- and after-school child care programs operated by schools. In addition, the state suspended and may eliminate the full-day Michigan School Readiness/Head Start program. The program is similar to the federal Head Start program, except it serves children up to 185 percent of poverty rather than setting the eligibility cutoff at 100 percent of poverty.	
Minnesota	A total of $500,000 a year was cut from the base in child care development, which funds resource and referral, cultural dynamics, facilities, service delivery grants, and other programs. It is unclear which programs will bear the brunt of the cut. Some of these funds may be replaced with quality dollars. In addition, funds available for state administration have been cut, affecting the state's ability to support local programs.	
Mississippi	Information not available.	
Missouri	Although Missouri's child care funding was held constant for FY 2003, approximately $6 million in tobacco money that was targeted for early childhood education was moved to other areas.	
Montana	Because of state budget shortfalls, Montana will be $302,000 short in state general funds for child care. As a result, the state will be unable to pull down another $819,000 in federal CCDBG funding that requires a state match, for a total loss to the child care budget of $1.1 million in combined state and federal dollars. To accommodate this reduction, the state will freeze child care provider rates and quality improvement projects at FY 2002 levels. The number of families and children being served by the subsidy program will be kept at FY 2002 levels, and a waiting list was initiated on August 1. Copayments for the poorest families will increase from $5 to $10 a month. Because of a rise in TANF caseloads, a TANF transfer to child care funding in FY 2004 and FY 2005 is being reduced. TANF funds now	

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
	comprise over 30 percent of Montana's total child care budget. It is unknown how much of the TANF transfer will be removed from the child care budget in FY 2004 and FY 2005.	
Nebraska	Effective July 1, 2002, Nebraska will no longer provide child care help to low-income working families with incomes between 120 percent and 185 percent of the federal poverty level unless they have received cash welfare assistance in the past 24 months. Families transitioning from welfare will continue to be eligible up 185 percent of poverty ($27,787 for a family of three). Families currently receiving help who have incomes above 120 percent of poverty ($18,024 for a family of three) and who are not receiving welfare will lose their subsidies.	
Nevada	TANF funding that had been available for child care was removed from the child care budget.	
New Hampshire	There have been no child care cuts nor have any been proposed to date.	
New Jersey	There have been no child care cuts nor have any been proposed to date.	
New Mexico	The Department of Children, Youth and Families reduced eligibility for child care assistance from 200 to 100 percent of poverty as of August 1, 2001 ($14,630 for a family of three in 2001). Families who were receiving help at the time of the change can continue to receive help. In 2002, New Mexico will not draw down its full allocation of federal matching funds available through the CCDBG.	
New York	New York funded its Universal Prekindergarten program at the same level as last year and limited the number of districts that could participate, although the program was scheduled to be fully funded at $500 million with access by all school districts by this year. Budget crises have forced three counties—Monroe, Schenectady and Schoharie—to raise their copayments. Monroe County, which includes Rochester, also lowered eligibility to 140 percent of poverty ($21,178 for a family of three) from 200 percent ($30,040 for a family of three). Families currently receiving help will be able to maintain their assistance until their next scheduled recertification.	All surplus funds have been used, which may cause further cuts to be made statewide.
North Carolina	Smart Start, a statewide initiative that	The Legislature is currently debating the budget

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
	provides help and support to children birth to five and their families, had $59 million less in SFY 2001-2002 than in SFY 2000-2001. This was due to two developments: a reduction in state appropriation and not allowing any unspent Smart Start funds to carry forward. At least 30 percent of Smart Start funds must be spent on child care assistance for low-income families. Because of the overall reduction to Smart Start, these subsidy funds have also decreased. The state waiting list for child care help was 14,000 children as of August 2002. The Smart Start cut also means less Smart Start funds for salary supplements such as WAGE$ for child care teachers. State funding for Early Head Start centers (about $605,000) was eliminated. Budget shortfalls required the reduction of all existing programs by 4 percent. This included reducing Smart Start and T.E.A.C.H. budgets as well as a reduction in state child care subsidy funds by $400,000.	for the next fiscal year. The Senate's budget includes a 13 percent or $26.1 million reduction to local partnerships, including a cut of $1.4 million in Smart Start funding. The Senate budget also includes a 20 percent reduction to the North Carolina Partnership for Children and eliminates all funding to the Frank Porter Graham Center to conduct Smart Start evaluations. The cuts in the House budget are less severe, with only a $20 million cut to local partnerships. The House proposal calls for an increase in family copayments in order to raise $3.5 million but increases state subsidy dollars by $18.8 million. Both the House and Senate have proposed a $4 million reduction in the TANF funds available for child care assistance programs.
North Dakota	Child care resource and referral received the largest cuts with a $200,000 or 17 percent decrease. Two resource and referral offices closed because they could not make up the difference in their budgets when the state money was removed.	
Ohio	Ohio expects to have a $50 million shortfall in its child care budget in FY 2003. The state is discussing lowering eligibility from 185 percent of the federal poverty level to 125 percent as one strategy to address the budget gap.	
Oklahoma	Due to significant TANF transfers and direct spending on child care from the TANF program, no cuts to child care have been proposed.	
Oregon	Oregon is facing a $1 billion shortfall. To help fill the gap, the legislature cut $1.7 million in state general funds for the child care division and replaced it with principal and interest from the state's unemployment insurance trust fund.	The next round of cuts will likely include subsidy cuts—which will affect eligibility for child care assistance and parent copayments.
Pennsylvania	The state began placing families on waiting lists for child care assistance at the end of 2001. Although the Department of Public Welfare has found some funding to reduce this list, there were 1,863 children waiting for help in June 2002. The 2002-2003 budget shows a decrease in the amount of TANF funds transferred to child care.	As of now, no cuts are on the table for child care, but the budget is not final and the state has a deficit of $1 billion.

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
Rhode Island	While no cuts have been made, Rhode Island has decided to permanently hold eligibility for the child care entitlement at 225 percent of the federal poverty level ($33,795 for a family of three), although the state had planned to increase this to 250 percent of poverty ($37,550 for a family of three). In addition, budget shortfalls have forced the state to cancel expansion of a program that provides health insurance to child care providers. It will restrict eligibility for health care to center-based providers who have at least 40 percent of their enrollment capacity receiving assistance. The state had hoped to reduce this to 30 percent in order to cover more providers.	Despite a projected two-year deficit in the state, so far the child care program, which is 75 percent state-funded, and quality initiatives, which are supported by mostly federal funds, have been held harmless amidst a host of other budget cuts.
South Carolina	Information not available.	
South Dakota	No cuts in child care have been proposed at this time.	
Tennessee		As Tennessee has no state funds associated with child care outside of the state matching and maintenance of effort funds for the CCDBG, it is not facing any significant budget cuts. If the legislature does not resolve the state budget crisis, there may be less available for the child care state match and maintenance of effort requirements. The state would, therefore, not be able to draw down all of the federal CCDBG funds available. Additional state match monies have been requested to fund a rate increase for providers receiving child care subsidies based on the market rate study. That would be the only foreseeable child care initiative that would suffer from a lack of state funds. However, direct TANF dollars are also used in the child care subsidy program. As a cut in that funding source is anticipated, the state has developed a plan to increase parent copayments. This will be the first copayment increase in 10 years.
Texas	In Texas, the two-year state budget passed in 2001 failed to provide a sufficient funding increase to maintain even the current level of support for low-income working families, which already leaves nearly 37,000 children waiting for help. In 2003, in order to meet its strict welfare work requirements, Texas will devote a larger proportion of its funds to serving families trying to move from welfare to work, which will cut back help for low-income families working to stay off welfare. At least 6,000 fewer children in low-income, non-welfare families are expected to receive child care assistance in 2003, as compared to	

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
	2001. Another funding decrease for quality child care was the removal of a mandate that required each of the 28 local workforce development boards to spend at least 4 percent of their CCDBG expenditures on quality activities. All of these funds are now spent on licensing and regulatory functions at the state level. Local boards that want to continue funding quality activities in their own communities must now use funds that were previously used for child care assistance and risk facing state penalties for serving fewer families. In addition, the local match requirement was at least doubled for the 28 local workforce development boards. Several local boards were not able to raise the funds, losing over $1 million.	
Utah	In both FY 2002 and FY 2003, Utah will not contribute all the necessary state matching funds for CCDBG, leaving $12 million that could have supported child care for low-income families. To date, eligibility levels and quality initiatives have been held harmless. The state has used TANF funds for FY 2002 to replace the amount of federal funds it would have received through CCDBG.	
Vermont	$500,000 of general fund money for child care was supplanted by TANF funds.	
Virginia	While Virginia has not had to make any cuts in the child care program, the state is unable to implement a planned increase in reimbursement rates for child care providers.	
Washington	Washington lowered eligibility for subsidies from 225 percent to 200 percent of poverty effective April 1 ($33,795 to $30,040 for a family of three). The monthly copayment for families was increased at the same time.	The state may have to reduce child care subsidy eligibility from 185 percent of poverty to 150 percent. This would mean that about 1,300 families would lose child care assistance. As of right now, it is unclear whether this will happen.
West Virginia	In February and March 2002, West Virginia implemented three child care policy changes estimated to reduce spending over $7 million annually. The income eligibility threshold for families receiving child care subsidies was reduced from 200 percent of the 2000 federal poverty level to 150 percent of poverty for new families, or $21,225 for a family of three (families already receiving help can continue to receive it up to 185 percent, or $26,177). Over 500 families with 700 children lost subsidies. All copayments were increased by	State monies for Educare, a program designed to improve the quality of child care, were cut from the Governor's Cabinet on Children and Families budget for SFY 2003. A state law, enacted in March, calls for universal access to prekindergarten for all four-year-olds. No new money was attached to the initiative, however four-year-olds can be counted in the state aid funding formula for public schools.

State	Enacted Cuts/Program Changes	Proposed Cuts/Program Changes
	50 percent and the state stopped all $10,000 start-up and expansion grants in November 2001. In addition, changes were made in policies for reimbursement of nontraditional-hours care. Before the cuts, a provider received nontraditional-hours payment for children in their care between the hours of 7PM and 6AM. There was no minimum amount of time the child had to be in care. Now, providers must have a child in care for at least four hours between 7:00 p.m. and 6:00 a.m. before they can bill for and receive nontraditional-hours payments. A planned $2.00 per day per child quality increase for providers completing an infant and toddler training program was not implemented. The state also eliminated School Day Plus grants, which were given to child care providers operating before- and after-school child care programs.	
Wisconsin	The state Early Childhood Excellence Centers are being cut from $7.5 million in FY 2001 to $2.75 million in FY 2003, a cut of more than 63 percent. In addition, the budget cuts child care resource and referral agencies by about $400,000 annually relative to the base level. The Legislature also eliminated the $1 million per year appropriation for grants that were used to help providers become accredited.	
Wyoming	Information not available.	

[1] Through the Child Care and Development Block Grant (CCDBG), each state receives both "mandatory" funds, which are automatically available each year (although states must contribute a match to receive these funds) and "discretionary" funds, which are available without a match but must be appropriated by Congress each year. In order to receive all federal funding available to it, a state must (a) continue to spend as much in state funds as it did in 1994 or 1995 or the average of FY 1992-1994, whichever is higher (known as the maintenance of effort requirement), and (b) put up new state matching funds to draw down federal matching funds. (The federal government provides federal matching funds to a state at a rate between $1.00 and $3.70—depending on the relative wealth of the state—for each $1.00 in state funds, up to the federally budgeted limit.)

[2] Unless otherwise noted, the federal poverty level shown throughout this paper is derived from the 2002 HHS Poverty Guidelines. All dollar figures are for a family of three. Information retrieved from the Internet at http://aspe.hhs.gov/poverty/02poverty.htm.

[3] Resource and referral programs help families find child care, provide training and other supports to strengthen the capacity of community child care providers, and collect data.

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EFF-089 (3/2000)

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